

**Senate File 302 - Introduced**

SENATE FILE 302  
BY COMMITTEE ON VETERANS  
AFFAIRS

(SUCCESSOR TO SSB 1064)

**A BILL FOR**

1 An Act creating the hire a hero tax credit and including  
2 retroactive applicability provisions.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 422.10A Hire a hero tax credit.

2 1. The taxes imposed under this division, less the credits  
3 allowed under section 422.12, shall be reduced by a hire a hero  
4 tax credit. An employer who hires and employs an eligible  
5 employee is eligible to claim the tax credit.

6 2. As used in this section:

7 a. "Eligible employee" means a person who is a resident  
8 of this state and a member of the national guard, reserve, or  
9 regular component of the armed forces of the United States  
10 employed on a permanent full-time or a permanent part-time  
11 basis of at least thirty hours per week each week. A person  
12 shall not be an eligible employee if the person was hired to  
13 replace a different eligible employee whose employment was  
14 terminated within the twelve-month period preceding the date of  
15 first employment, unless the eligible employee being replaced  
16 left employment voluntarily without good cause attributable to  
17 the employer or was discharged for misconduct in connection  
18 with the eligible employee's employment.

19 b. "Employer" includes a self-employed person who meets the  
20 definition of eligible employee.

21 c. "Military service" means federal active duty, state  
22 active duty, or national guard duty, as defined in section  
23 29A.1.

24 3. The allowable credit shall be an amount equal to the sum  
25 of the following:

26 a. (1) One thousand dollars for each eligible employee  
27 hired for employment in this state during the tax year.

28 (2) If the eligible employee was not employed by the  
29 employer for the entire tax year, the amount of the credit in  
30 subparagraph (1) shall be prorated and the amount of the credit  
31 for the taxpayer shall equal the maximum amount of credit for  
32 the tax year, divided by twelve, multiplied by the number of  
33 months in the tax year that the eligible employee was employed  
34 by the employer. The credit shall be rounded to the nearest  
35 dollar. If the employee was employed by the employer during

1 any part of a month, the eligible employee shall be considered  
2 to be employed for the entire month.

3     *b.* (1) Five hundred dollars for each eligible employee  
4 employed in this state during a tax year subsequent to the tax  
5 year that the employee was hired for employment in this state.

6     (2) If the eligible employee was not employed by the  
7 employer for the entire tax year, the amount of the credit in  
8 subparagraph (1) shall be prorated and the amount of the credit  
9 for the taxpayer shall equal the maximum amount of credit for  
10 the tax year, divided by twelve, multiplied by the number of  
11 months in the tax year that the eligible employee was employed  
12 by the employer. The credit shall be rounded to the nearest  
13 dollar. If the employee was employed by the employer during  
14 any part of a month, the eligible employee shall be considered  
15 to be employed for the entire month.

16     *c.* In addition to the credit amount in paragraph "a" or "b",  
17 five hundred dollars for each eligible employee who performs at  
18 least thirty days of military service during the tax year while  
19 employed by the employer.

20     4. Any credit in excess of the tax liability shall be  
21 refunded. In lieu of claiming a refund, a taxpayer may  
22 elect to have the overpayment shown on the taxpayer's final,  
23 completed return credited to the tax liability for the  
24 following tax year.

25     5. An individual may claim the tax credit allowed a  
26 partnership, limited liability company, S corporation, estate,  
27 or trust electing to have the income taxed directly to the  
28 individual. The amount claimed by the individual shall be  
29 based upon the pro rata share of the individual's earnings of a  
30 partnership, limited liability company, S corporation, estate,  
31 or trust.

32     Sec. 2. Section 422.33, Code 2013, is amended by adding the  
33 following new subsection:

34     NEW SUBSECTION. 11. The taxes imposed under this division  
35 shall be reduced by a hire a hero tax credit. The taxpayer

1 shall claim the tax credit according to the same requirements  
2 and calculated in the same manner as provided in section  
3 422.10A.

4 Sec. 3. Section 422.60, Code 2013, is amended by adding the  
5 following new subsection:

6 NEW SUBSECTION. 12. The taxes imposed under this division  
7 shall be reduced by a hire a hero tax credit. The taxpayer  
8 shall claim the tax credit according to the same requirements  
9 and calculated in the same manner as provided in section  
10 422.10A.

11 Sec. 4. RETROACTIVE APPLICABILITY. This Act applies  
12 retroactively to January 1, 2013, for tax years beginning on or  
13 after that date and for eligible employees hired or employed  
14 on or after that date.

15 EXPLANATION

16 This bill creates the hire a hero tax credit for purposes  
17 of the state individual and corporate income taxes and the  
18 franchise tax. The tax credit is available for employers in  
19 the amount of \$1,000 per eligible employee for the year in  
20 which the eligible employee is hired, \$500 for each year of  
21 employment subsequent to the year of hiring, and \$500 for each  
22 year an eligible employee is called to at least 30 days of  
23 military service. The annual credits for initial and continued  
24 employment shall be prorated if such employment does not  
25 extend through an entire tax year. Eligible employees must  
26 be a resident of this state and be a member of the national  
27 guard or a reserve or regular component of the armed forces  
28 of the United States employed on a permanent full-time or  
29 permanent part-time basis of at least 30 hours per week. The  
30 bill provides that an otherwise eligible employee shall not be  
31 considered an eligible employee if the eligible employee was  
32 hired to replace another eligible employee whose employment  
33 was terminated in the previous 12 months unless the eligible  
34 employee being replaced left voluntarily or was discharged for  
35 misconduct. The bill applies retroactively to January 1, 2013,

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1 for tax years beginning on or after that date and for eligible  
2 employees hired or employed on or after that date.